



CCM 2013 Testimony

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BANKS COMMITTEE

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The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

H.B. 6355 AN ACT CONCERNING HOMEOWNER PROTECTION RIGHTS

CCM urges the Committee to amend this bill, then favorably report it.

CCM supports the intent of the proposal, in particular Section 8 which would require each assignor of mortgage debt to report biannually to the Secretary of OPM every mortgage assignment involving property in the state. If the assignment is not recorded in municipal land records, the assignor shall pay the State Treasurer a \$40 recording fee. Of that amount, \$36 shall be deposited into the State General Fund for the community investment account. The remaining \$4 shall be remitted to the host municipality as general revenue for capital improvement projects. In addition, a \$100 penalty fee will be applied for late recordings.

We urge you to amend the bill to remove restrictions on how the \$4 remitted to towns should be spent. Funds should go into municipalities' General Fund period. We urge the Committee to place a period after "municipality" in line 526, and delete the phrase "and be used to pay for local capital improvement projects, as defined in Section 7-536". In addition, **provide a mechanism that would allow the chain of title information to be shared with the local town clerk where the property is located to ensure accuracy of land records.**

Traditionally, mortgage assignments have been recorded in land records -- as a benefit to both municipalities as well as homeowners -- offering clear ownership and title of a particular piece of property. In recent years, however, changes in bank practices have left homeowners and municipalities unaware of who owns a particular mortgage or property.

Since the mid-1990's many banks have used the Mortgage Electronic Registration Systems (MERS) to record mortgage assignments. The primary function of MERS has been to act as a document custodian, to simplify the process of transferring mortgages by avoiding the need to re-record liens -- thereby paying municipal recording filing fees -- each time a loan is assigned. While the banking industry has argued that it has streamlined the process, it has also displaced the more

transparent public system for maintaining records. The results has been municipalities' inability to turn to public records to learn the identity of a property owner, and for the homeowner the inability to determine the mortgage owner, who is escrowing for their taxes and insurance and who can foreclose on them.

CCM urges the committee to **amend** and **favorably report** HB 6355.

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If you have any questions, please contact Mike Muszynski, Legislative Associate of CCM
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